



**CITY OF GRAND RAPIDS
2015 TREND REPORT**



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November 20, 2014

Mr. Scott Buhrer
Chief Financial Officer
City of Grand Rapids
300 Monroe Avenue, N.W.
Grand Rapids, MI 49503

Dear Mr. Buhrer:

We are pleased to present the results of the annual review of self-insured claims experience for the City of Grand Rapids. The results herein are used for the following purposes:

- To establish the City's calendar year 2015 rates.
- As inputs to the June 30, 2014 actuarial valuations of the City's "Other Employment Benefits" for General, Police, and Fire members.

This report should not be used for any other purpose. To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial methods. This report relies heavily on data provided by Meritain, which was reviewed for reasonableness but not otherwise audited. We are not responsible for the accuracy or completeness of the information provided. In our judgment, the actuarial assumptions used for the study are, individually and in aggregate, reasonable.

This report incorporates the impact of the Michigan claims tax and the per member fee accessed as part of the Affordable Care Act (ACA). In addition the administrative fees associated an out-of-network provider savings program is also incorporated. The City's agreement is to pay Meritain a fee equal to a portion of the gross savings received.

Future actuarial measurements (such as the projected 2016 rates) may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, or changes in economic or demographic assumptions. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of such future measurements.

Executive Summary

- For the Pre-65 participants (active and retiree), combined medical and prescription drug claim experience over the last three experience periods show the expected trend increases.
- For the second consecutive year the claim experience for the Post-65 retiree population was much worse than expected and the PMPM trend increase year over year was almost 50% (last

year this PMPM trend exceeded 75%).

- In the Post-65 retiree segment there was one participant (now deceased) with claims exceeding \$387,000 during the experience period, which is over 100 times the expected claim level. Given this very unusual claim experience, and the fact that there are very few participants in the Post-65 pool, it is not appropriate to build the entire effect of the \$387,000 claim into the 2015 Calculated Rates. Doing so would produce premium rates that are well above those available in commercial insurance markets, and could lead to a situation in which the healthier participants would seek cheaper coverage elsewhere, leading to yet further escalation of premiums and ultimately to failure of the plan. Failure of the plan could leave a yet larger liability for the plan sponsor than the \$387,000 at issue. In order to prevent this situation, we have removed claims in excess of \$100,000 from the Post-65 pool when developing the 2015 Calculated Rates.
- Given the experience outlined above, the City should explore stop loss coverage options with their Health Care consultant on all three segments as one catastrophic claim can dramatically impact a rating structure. Historically, self-funded programs the size of Grand Rapids could realistically and safely absorb large claims, but in the current environment of very tight budgets and increasingly higher and higher claims, stop loss coverage for most municipalities is now prudent.
- Trend rates are used to project results from the experience periods to the 2015 rating period. While experience is often the best indicator for future costs, we do not rely on a single year's experience in setting trend assumptions since trends vary significantly from year to year. Therefore, professional judgment and industry benchmarks are used in setting the trend assumptions. The medical trend assumption is 7.5% and the assumed trend for the prescription drug benefit is 8.0%.
- The City desires to ultimately reflect the total claim experience into future rates. Therefore, a smoothing process for the Post-65 retiree population was developed during last year's rate development by incorporating gains and losses from the prior three years to adjust the calculated rates to obtain the implemented rates. Three years of experience were used divided into three periods; July 2011 to June 2012 (gain of \$64,860), July 2012 to June 2013 (loss of \$89,607) and July 2013 to June 2014 (loss of \$190,425). The impact of the smoothing in this segment is to increase the rate change by approximately 6%. The development of the current period gain is shown on page 14. The remaining gains and losses, as well as future ones, will be incorporated into future rate developments.

- In last year's rate development member counts were adjusted to smooth out significant increases in the number of members per contract. We continue to use the adjusted member counts for the first period (7/1/2012 to 6/30/2013) in this year's rate development but the adjustment was no longer required in the most recent experience period.
- The addition of the Michigan claims tax and the administration fees associated with the savings from an out-of network discount program impacts many exhibits in this report. The claims tax was effective 1/1/2012; therefore both experience periods were impacted. The impact on the calculated rates for both these changes varies by segment but generally by less than 1%.
- Rate levels and rate increases continue to be partially offset by the City's use of 3-year smoothing of gains and losses (by approximately 5%). The ERRP funds were exhausted with the reduction in the 2014 rates and therefore had no impact on the 2015 rates.
- These rate increases incorporate the impact of the benefit change effective 1/1/2015 for all active participants and approximately 50% of the pre 65 retirees. The benefit change reduced the rate increase for the active medical rates by 5% and the pre 65 retiree medical rates by 2.5%
- Composite rate increases after incorporating the benefit changes by segment are:

Segment	Rate Increase
Active employees	4.2%
Pre – 65 Retirees	6.2%
Total pre 65 participants	5.3%
Post- 65 retirees	14.25%

- The results of the rate analysis in this report will be incorporated into the June 30, 2014 Annual Other Postemployment Benefits Valuations for General, Police and Fire. The pre-65 retiree only "calculated rates" developed on page 18 of this report serve as the basis of pre-65 per capita costs. The per contract rates are converted to per member rates and then converted to age-graded rates for use in the valuations. The 2015 blended (pre-65 retiree and active) implemented rates (page 19) serve as the basis for pre-65 retiree contributions. The Post-65 retirees pay 100% of the "smoothed" cost also developed on page 19.
- Projections presented in this report will differ from retiree health valuation cash flows due to:
 - Age-based projection methodology used in the valuations versus average-base projections used in this report
 - Data variances
 - Cash flows in the reports are net of retiree contributions; and
 - The valuation year starts July 1st while the rating year starts January 1st.

Mr. Scott Buhler
November 20, 2014
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Circular 230 Notice: Pursuant to regulations issued by the IRS, to the extent this communication (or any attachment) concerns tax matters, it is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) marketing or recommending to another party any tax-related matter addressed within. Each taxpayer should seek advice based on the individual's circumstances from an independent tax advisor.

This report shall not be construed to provide tax, legal or investment advice.

James E. Pranschke and Virgil Meier are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries and are independent of the plan sponsor.

Respectively submitted,



James E. Pranschke, FSA, MAAA
Health Care Actuary



Virgil Meier, FSA, MAAA
Health Care Actuary

JEP/VM:ah

cc: James Anderson, GRS
 Zari Gano, GRS

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Employer Paid Medical Claims Experience

	Experience Year: 07/01/2012 - 06/30/2013	Projection Year: 01/01/2015 - 12/31/2015	Active	Pre-65 Retirees	Pre-65 Blend	Post-65 Retirees
Paid Medical Claims *	\$ 14,682,189	\$ 7,057,570	\$ 21,739,759	\$ 549,002		
Trend Factor (7.5% annual trend)	1.198	1.198				1.198
Incurral Factor	1.012	1.012				1.012
Plan Design Adjustment Factor	0.950	0.975				1.000
Projected Incurred Claims	\$ 16,910,317	\$ 8,342,517	\$ 25,252,834	\$ 665,597		
Average Contracts	1,202.08	428.50	1,630.58	143.08		
Average Members (adjusted)	3,870.72	958.82	4,829.54	173.33		
Per Member Per Month Claims (PMPM)	\$ 364.07	\$ 725.07	\$ 435.74	\$ 320.00		
			Experience Year: 07/01/2013 - 06/30/2014			
			Projection Year: 01/01/2015 - 12/31/2015			
	Active	Pre-65 Retirees	Pre-65 Blend	Post-65 Retirees		
Paid Medical Claims	\$ 14,390,171	\$ 7,348,665	\$ 21,738,836	\$ 417,858		
Trend Factor (7.5% annual trend)	1.114	1.114				1.114
Incurral Factor	1.012	1.012				1.012
Plan Design Adjustment Factor	0.950	0.975				1.000
Projected Incurred Claims	\$ 15,411,867	\$ 8,077,534	\$ 23,489,401	\$ 471,080		
Average Contracts	1,144.58	424.25	1,568.83	123.25		
Average Members	3,749.33	948.08	4,697.42	150.67		
Per Member Per Month Claims (PMPM)	\$ 342.55	\$ 709.99	\$ 416.71	\$ 260.55		
Weighted Average PMPM (60/40)	\$ 351.16	\$ 716.02	\$ 424.32	\$ 284.33		
Administrative Fees	\$ 10.57	\$ 24.39	\$ 13.36	\$ 15.18		
Total Medical PMPM	\$ 361.73	\$ 740.41	\$ 437.68	\$ 299.51		

* See explanatory notes for detailed description.

Medical Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Medical PMPM	\$ 361.73	\$ 740.41	\$ 437.68	\$ 299.51
Members Per Contract	3.290	2.281	3.012	1.216
Per Employee Per Month Cost (PEPM)	\$ 1,190.09	\$ 1,688.88	\$ 1,318.29	\$ 364.20
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.054	1.999
Family	2.600	2.220	2.541	2.249
Composite Tier	2.271	1.813	2.145	1.194
Single Rate*	\$ 524.04	\$ 931.54	\$ 614.59	\$ 305.03
Double Rate*	\$ 1,126.69	\$ 1,816.50	\$ 1,262.37	\$ 609.75
Family Rate*	\$ 1,362.50	\$ 2,068.02	\$ 1,561.67	\$ 686.01

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

Employer Paid Rx Pre-65 Claims Experience

Experience Year: 07/01/2012 - 06/30/2013
 Projection Year: 01/01/2015 - 12/31/2015

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Paid Rx Claims	\$ 3,099,049	\$ 1,666,169	\$ 4,765,218
Trend Factor (8% annual trend)	1.212	1.212	1.212
Incurral Factor	1.006	1.006	1.006
Projected Incurred claims	\$ 3,778,584	\$ 2,031,513	\$ 5,810,097
Average Contracts	1,202.08	428.50	1,630.58
Average Members (adjusted)	3,870.72	958.82	4,829.54
Per Member Per Month Claims (PMPM)	\$ 81.35	\$ 176.56	\$ 100.25

Experience Year: 07/01/2013 - 06/30/2014
 Projection Year: 01/01/2015 - 12/31/2015

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Paid Rx Claims	\$ 3,370,216	\$ 1,840,533	\$ 5,210,749
Trend Factor (8% annual trend)	1.122	1.122	1.122
Incurral Factor	1.006	1.006	1.006
Projected Incurred Claims	\$ 3,804,071	\$ 2,077,468	\$ 5,881,539
Average Contracts	1,144.58	424.25	1,568.83
Average Members	3,749.33	948.08	4,697.42
Per Member Per Month Claims (PMPM)	\$ 84.55	\$ 182.60	\$ 104.34
Weighted Average PMPM (60/40)	\$ 83.27	\$ 180.18	\$ 102.70
Administrative Fees	\$ 1.67	\$ 2.45	\$ 1.83
Total Rx PMPM	\$ 84.94	\$ 182.63	\$ 104.53

Pre-65 Rx Rate Development

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>
Total Rx PMPPM	\$ 84.94	\$ 182.63	\$ 104.53
Members Per Contract	3.290	2.281	3.012
Per Employee Per Month Cost (PEPM)	\$ 279.45	\$ 416.58	\$ 314.84
Rating Tiers			
Single	1.000	1.000	1.000
Double	2.150	1.950	2.054
Family	2.600	2.220	2.541
Composite Tier	2.271	1.813	2.145
Single Rate*	\$ 123.05	\$ 229.77	\$ 146.78
Double Rate*	\$ 264.56	\$ 448.05	\$ 301.49
Family Rate*	\$ 319.93	\$ 510.09	\$ 372.97

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

Employer Paid Post-65 Rx Claims Experience

Experience Year: 07/01/2012 - 06/30/2013
 Projection Year: 01/01/2015 - 12/31/2015

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay	Post-65 Total
Paid Rx Claims	\$ 85,623	\$ 3,835	\$ 72,291	\$ 663,530	\$ 825,280
Trend Factor (8% annual trend)	1.212	1.212	1.212	1.212	1.212
Incurral Factor	1.006	1.006	1.006	1.006	1.006
Projected Incurred Claims	\$ 104,398	\$ 4,677	\$ 88,142	\$ 809,024	\$ 1,006,240
Average Contracts	22.00	2.58	16.50	102.00	143.08
Average Members	23.17	2.67	20.25	127.25	173.33
Per Member Per Month Claims (PMPM)	\$ 375.48	\$ 145.97	\$ 362.72	\$ 529.81	\$ 483.78

Experience Year: 07/01/2013 - 06/30/2014
 Projection Year: 01/01/2015 - 12/31/2015

	\$2 Copay	\$4 Copay	\$4/\$8 Copay	\$10/\$20 Copay	Post-65 Total
Paid Rx Claims	\$ 65,480	\$ 1,256	\$ 57,220	\$ 570,113	\$ 694,068
Trend Factor (8% annual trend)	1.122	1.122	1.122	1.122	1.122
Incurral Factor	1.006	1.006	1.006	1.006	1.006
Projected Incurred Claims	\$ 73,909	\$ 1,417	\$ 64,586	\$ 643,505	\$ 783,417
Average Contracts	16.00	2.08	11.08	94.08	123.25
Average Members	16.00	2.08	14.00	118.58	150.67
Per Member Per Month Claims (PMPM)	\$ 384.94	\$ 56.78	\$ 384.44	\$ 452.23	\$ 433.32

Post-65 Rx Rate Development

Experience Year: 07/01/2012 - 06/30/2013
 Projection Year: 01/01/2015 - 12/31/2015

\$2 Copay \$4 Copay \$4/\$8 Copay \$10/\$20 Copay

Overall Rx PMPM	\$ 483.78	\$ 483.78	\$ 483.78	\$ 483.78
Relative Value to \$10/\$20 Copay Plan	1.098	1.076	1.056	0.960
Utilization Assumption	1.228	1.204	1.135	0.926
PMPM based on Relative Values (RVs)	\$ 652.27	\$ 626.71	\$ 579.81	\$ 430.04
PMPM based on Experience	\$ 375.48	\$ 145.97	\$ 362.72	\$ 529.81

Experience Year: 07/01/2013 - 06/30/2014
 Projection Year: 01/01/2015 - 12/31/2015

\$2 Copay \$4 Copay \$4/\$8 Copay \$10/\$20 Copay

Overall Rx PMPM	\$ 433.32	\$ 433.32	\$ 433.32	\$ 433.32
Relative Value to \$10/\$20 Copay Plan	1.103	1.080	1.061	0.964
Utilization Assumption	1.231	1.207	1.138	0.929
PMPM based on Relative Values (RVs)	\$ 588.35	\$ 564.85	\$ 523.19	\$ 388.06
PMPM based on Experience	\$ 384.94	\$ 56.78	\$ 384.44	\$ 452.23
Administrative Fees	\$ 4.47	\$ 4.48	\$ 4.48	\$ 4.47
Weighted Average PMPM (RVs) (60/40)	\$ 618.39	\$ 594.07	\$ 550.32	\$ 409.32
Per Employee Per Month Cost (PEPM)	\$ 751.96	\$ 722.39	\$ 669.19	\$ 497.73
Single	1.000	1.000	1.000	1.000
Double	1.999	1.999	1.999	1.999
Family	2.249	2.249	2.249	2.249
Composite Tier	1.194	1.194	1.194	1.194
Single Rate*	\$ 629.78	\$ 605.02	\$ 560.46	\$ 416.86
Double Rate*	\$ 1,258.93	\$ 1,209.43	\$ 1,120.36	\$ 833.30
Family Rate*	\$ 1,416.38	\$ 1,360.69	\$ 1,260.47	\$ 937.52

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

** Uses relativities produced by GRS model to reallocate claims since PMPM based on experience is not credible.

Employer Paid Dental Claims Experience

Experience Year: 07/01/2012 - 06/30/2013
 Projection Year: 01/01/2015 - 12/31/2015

	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,054,353	\$ 311,460	\$ 1,365,813	\$ 11,237
Trend Factor (5% annual trend)	1.129	1.129	1.129	1.129
Incurral Factor	1.004	1.004	1.004	1.004
Projected Incurred claims	\$ 1,195,126	\$ 353,045	\$ 1,548,171	\$ 12,737
Average Contracts	1,202.08	428.50	1,630.58	26.83
Average Members (adjusted)	3,870.72	958.82	4,829.54	34.58
Per Member Per Month Claims (PMPM)	\$ 25.73	\$ 30.68	\$ 26.71	\$ 30.69
Experience Year:	07/01/2013 - 06/30/2014			
Projection Year:	01/01/2015 - 12/31/2015			
	<u>Active</u>	<u>Pre-65 Retirees</u>	<u>Pre-65 Blend</u>	<u>Post-65 Retirees</u>
Paid Dental Claims	\$ 1,071,880	\$ 328,198	\$ 1,400,078	\$ 11,861
Trend Factor (5% annual trend)	1.076	1.076	1.076	1.076
Incurral Factor	1.004	1.004	1.004	1.004
Projected Incurred Claims	\$ 1,157,956	\$ 354,554	\$ 1,512,510	\$ 12,813
Average Contracts	1,144.58	424.25	1,568.83	24.00
Average Members	3,749.33	948.08	4,697.42	30.75
Per Member Per Month Claims (PMPM)	\$ 25.74	\$ 31.16	\$ 26.83	\$ 34.73
Weighted Average PMPM (60/40)	\$ 25.74	\$ 30.97	\$ 26.78	\$ 33.11
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Dental PMPM	\$ 25.74	\$ 30.97	\$ 26.78	\$ 33.11

Dental Rate Development

	<u>Active</u>	<u>Pre-65 Retiree</u>	<u>Pre-65 Blend</u>	<u>Post-65</u>
Total Dental PMPM	\$ 25.74	\$ 30.97	\$ 26.78	\$ 33.11
Members Per Contract	\$ 3.290	\$ 2.281	\$ 3.012	\$ 1.216
Per Employee Per Month Cost (PEPM)	\$ 84.68	\$ 70.64	\$ 80.66	\$ 40.26
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.054	1.999
Family	2.600	2.220	2.541	2.249
Composite Tier	2.271	1.813	2.145	1.194
Single Rate*	\$ 37.29	\$ 38.96	\$ 37.60	\$ 33.72
Double Rate*	\$ 80.17	\$ 75.97	\$ 77.23	\$ 67.41
Family Rate*	\$ 96.95	\$ 86.49	\$ 95.54	\$ 75.84

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

Employer Paid Vision Claims Experience

Experience Year: 07/01/2012 - 06/30/2013
 Projection Year: 01/01/2015 - 12/31/2015

	Active	Pre-65 Retirees	Pre-65 Blend	Post-65 Retirees
Paid Vision Claims	\$ 282,086	\$ 82,111	\$ 364,197	\$ 2,984
Trend Factor (3.5% annual trend)	1.090	1.090	1.090	1.090
Incural Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 308,396	\$ 89,769	\$ 398,166	\$ 3,262
Average Contracts	1,202.08	428.50	1,630.58	143.08
Average Members (adjusted)	3,870.72	958.82	4,829.54	173.33
Per Member Per Month Claims (PMPM)	\$ 6.64	\$ 7.80	\$ 6.87	\$ 1.57

Experience Year: 07/01/2013 - 06/30/2014
 Projection Year: 01/01/2015 - 12/31/2015

	Active	Pre-65 Retirees	Pre-65 Blend	Post-65 Retirees
Paid Vision claims	\$ 259,032	\$ 73,728	\$ 332,759	\$ 2,107
Trend Factor (3.5% annual trend)	1.053	1.053	1.053	1.053
Incural Factor	1.003	1.003	1.003	1.003
Projected Incurred Claims	\$ 273,579	\$ 77,868	\$ 351,446	\$ 2,225
Average Contracts	1,144.58	424.25	1,568.83	123.25
Average Members	3,749.33	948.08	4,697.42	150.67
Per Member Per Month Claims (PMPM)	\$ 6.08	\$ 6.84	\$ 6.23	\$ 1.23
Weighted Average PMPM (60/40)	\$ 6.30	\$ 7.22	\$ 6.49	\$ 1.37
Administrative Fees	\$ -	\$ -	\$ -	\$ -
Total Vision PMPM	\$ 6.30	\$ 7.22	\$ 6.49	\$ 1.37

Vision Rate Development

	Active	Pre-65 Retiree	Pre-65 Blend	Post-65
Total Vision PMPM	\$ 6.30	\$ 7.22	\$ 6.49	\$ 1.37
Members Per Contract	3.290	2.281	3.012	1.216
Per Employee Per Month Cost (PEPM)	\$ 20.73	\$ 16.47	\$ 19.55	\$ 1.67
Rating Tiers				
Single	1.000	1.000	1.000	1.000
Double	2.150	1.950	2.054	1.999
Family	2.600	2.220	2.541	2.249
Composite Tier	2.271	1.813	2.145	1.194
Single Rate*	\$ 9.13	\$ 9.08	\$ 9.11	\$ 1.40
Double Rate*	\$ 19.63	\$ 17.71	\$ 18.71	\$ 2.80
Family Rate*	\$ 23.74	\$ 20.16	\$ 23.15	\$ 3.15

* Rate calculated as the PEPM times the rating tier divided by the composite tier.

City of Grand Rapids
Summary of Non-Medicare Claims and Expenses
July 2013 through June 2014

Month 2013	Active	Pre-65 Retiree	Total	Month 2013	Active	Pre-65 Retiree	Total
Contracts	1,148	432	\$1,580	Contracts	1,151	425	\$1,576
Lives	3,759	961	4,720	Lives	3,770	955	4,725
Medical	\$1,304,862	\$526,509	\$1,831,370	Medical	\$1,410,883	\$716,341	\$2,127,224
Rx	\$289,480	\$155,802	\$445,282	Rx	\$281,609	\$172,451	\$454,060
Dental	\$79,991	\$28,510	\$108,501	Dental	\$93,889	\$32,859	\$126,748
Vision	\$15,565	\$3,220	\$18,785	Vision	\$19,429	\$6,219	\$25,649
Meritain Admin Fee	\$22,586	\$13,126	\$35,712	Meritain Admin Fee	\$22,656	\$20,652	\$43,308
Meritain - HPA	\$3,358	\$1,245	\$4,603	Meritain - HPA	\$3,358	\$1,245	\$4,603
Meritain - HPA - DM	\$0	\$1,800	\$1,800	Meritain - HPA - DM	\$0	\$1,814	\$1,814
Meritain - MRIOA	\$0	\$0	\$0	Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,220	\$2,098	\$9,318	Cofinity Premium	\$7,220	\$2,098	\$9,318
4D Admin Fee	\$6,526	\$2,419	\$8,945	4D Admin Fee	\$6,331	\$2,347	\$8,678
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250	Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,734,431	\$736,155	\$2,470,586	Total	\$1,850,218	\$957,433	\$2,807,651
Month 2013	Active	Pre-65 Retiree	Total	Month 2013	Active	Pre-65 Retiree	Total
Contracts	1,132	432	\$1,584	Contracts	1,122	421	\$1,583
Lives	3,751	963	4,714	Lives	3,750	940	4,700
Medical	\$1,107,220	\$550,947	\$1,658,167	Medical	\$918,600	\$578,363	\$1,496,963
Rx	\$267,677	\$151,017	\$418,694	Rx	\$243,283	\$138,594	\$381,877
Dental	\$87,423	\$23,139	\$110,562	Dental	\$70,299	\$21,611	\$91,910
Vision	\$19,990	\$5,381	\$25,371	Vision	\$13,364	\$5,207	\$18,570
Meritain Admin Fee	\$20,634	\$16,259	\$36,893	Meritain Admin Fee	\$20,803	\$10,658	\$31,461
Meritain - HPA	\$3,340	\$1,238	\$4,578	Meritain - HPA	\$3,314	\$1,229	\$4,543
Meritain - HPA - DM	\$0	\$1,836	\$1,836	Meritain - HPA - DM	\$0	\$1,823	\$1,823
Meritain - MRIOA	\$0	\$0	\$0	Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,183	\$2,087	\$9,270	Cofinity Premium	\$7,174	\$2,084	\$9,258
4D Admin Fee	\$6,031	\$2,236	\$8,267	4D Admin Fee	\$6,030	\$2,235	\$8,265
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250	Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,524,341	\$755,547	\$2,279,887	Total	\$1,287,710	\$763,210	\$2,050,920
Month 2013	Active	Pre-65 Retiree	Total	Month 2013	Active	Pre-65 Retiree	Total
Contracts	1,149	431	\$1,580	Contracts	1,158	416	\$1,578
Lives	3,764	965	4,729	Lives	3,777	930	4,717
Medical	\$948,550	\$480,319	\$1,428,869	Medical	\$1,205,460	\$638,776	\$1,844,236
Rx	\$266,434	\$125,325	\$391,759	Rx	\$249,008	\$139,793	\$388,801
Dental	\$84,944	\$24,263	\$109,207	Dental	\$87,426	\$25,575	\$113,000
Vision	\$15,388	\$4,372	\$19,761	Vision	\$18,680	\$7,718	\$26,399
Meritain Admin Fee	\$20,935	\$8,668	\$29,603	Meritain Admin Fee	\$20,590	\$22,886	\$43,476
Meritain - HPA	\$3,368	\$1,249	\$4,617	Meritain - HPA	\$3,287	\$1,218	\$4,505
Meritain - HPA - DM	\$0	\$1,809	\$1,809	Meritain - HPA - DM	\$0	\$1,679	\$1,679
Meritain - MRIOA	\$0	\$0	\$0	Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,244	\$2,104	\$9,348	Cofinity Premium	\$7,090	\$2,060	\$9,150
4D Admin Fee	\$6,249	\$2,316	\$8,565	4D Admin Fee	\$6,546	\$2,426	\$8,972
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250	Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,057,955	\$651,932	\$2,009,787	Total	\$1,602,930	\$843,538	\$2,446,468

City of Grand Rapids
Summary of Non-Medicare Claims and Expenses
July 2013 through June 2014

January 2014	Active	Pre-65 Retiree	Total
Contracts	1,156	417	1,573
Lives	3,777	938	4,715
Medical	\$911,031	\$441,653	\$1,352,684
Rx	\$305,414	\$172,007	\$477,421
Dental	\$78,691	\$20,167	\$98,858
Vision	\$28,132	\$5,510	\$33,643
Meritain Admin Fee	\$19,347	\$21,794	\$41,141
Meritain - HPA	\$3,334	\$1,236	\$4,570
Meritain - HPA - DM	\$0	\$1,733	\$1,733
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,230	\$2,100	\$9,330
4D Admin Fee	\$6,073	\$2,251	\$8,324
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,364,096	\$669,858	\$2,033,954

February 2014	Active	Pre-65 Retiree	Total
Contracts	1,154	416	1,569
Lives	3,776	934	4,710
Medical	\$1,254,077	\$828,910	\$2,082,987
Rx	\$272,924	\$160,213	\$433,137
Dental	\$101,345	\$30,521	\$131,866
Vision	\$44,321	\$12,198	\$56,519
Meritain Admin Fee	\$22,050	\$11,953	\$34,003
Meritain - HPA	\$3,330	\$1,234	\$4,564
Meritain - HPA - DM	\$0	\$1,751	\$1,751
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,202	\$2,092	\$9,294
4D Admin Fee	\$6,344	\$2,351	\$8,695
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,716,436	\$1,052,630	\$2,769,066

March 2014	Active	Pre-65 Retiree	Total
Contracts	1,154	411	1,565
Lives	3,771	924	4,695
Medical	\$1,682,119	\$922,069	\$2,604,189
Rx	\$302,943	\$163,052	\$465,995
Dental	\$134,140	\$43,500	\$177,640
Vision	\$30,606	\$7,915	\$38,521
Meritain Admin Fee	\$20,205	\$20,080	\$40,285
Meritain - HPA	\$3,340	\$1,238	\$4,578
Meritain - HPA - DM	\$0	\$1,742	\$1,742
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,132	\$2,072	\$9,204
4D Admin Fee	\$6,574	\$2,437	\$8,011
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$2,191,902	\$1,165,513	\$3,357,415

April 2014	Active	Pre-65 Retiree	Total
Contracts	1,122	432	1,554
Lives	3,690	949	4,639
Medical	\$1,282,342	\$519,776	\$1,802,118
Rx	\$298,085	\$157,816	\$455,901
Dental	\$74,594	\$24,426	\$99,020
Vision	\$20,483	\$5,714	\$26,196
Meritain Admin Fee	\$18,962	\$13,912	\$32,874
Meritain - HPA	\$3,197	\$1,185	\$4,382
Meritain - HPA - DM	\$0	\$1,688	\$1,688
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$6,965	\$2,023	\$8,988
4D Admin Fee	\$6,028	\$2,234	\$8,262
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,715,499	\$730,180	\$2,445,679

May 2014	Active	Pre-65 Retiree	Total
Contracts	1,121	432	1,553
Lives	3,684	945	4,629
Medical	\$1,433,835	\$711,501	\$2,145,336
Rx	\$282,136	\$167,093	\$449,229
Dental	\$102,658	\$26,644	\$129,303
Vision	\$18,622	\$6,781	\$25,403
Meritain Admin Fee	\$19,300	\$16,118	\$35,418
Meritain - HPA	\$3,261	\$1,209	\$4,470
Meritain - HPA - DM	\$0	\$1,715	\$1,715
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,048	\$2,048	\$9,096
4D Admin Fee	\$6,300	\$2,335	\$8,635
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,878,004	\$936,851	\$2,814,855

June 2014	Active	Pre-65 Retiree	Total
Contracts	1,131	427	1,558
Lives	3,703	941	4,647
Medical	\$931,191	\$433,502	\$1,364,693
Rx	\$311,223	\$137,370	\$448,593
Dental	\$76,480	\$26,984	\$103,463
Vision	\$14,451	\$3,492	\$17,944
Meritain Admin Fee	\$19,006	\$12,316	\$31,322
Meritain - HPA	\$3,277	\$1,214	\$4,491
Meritain - HPA - DM	\$0	\$1,706	\$1,706
Meritain - MRIOA	\$0	\$0	\$0
Cofinity Premium	\$7,086	\$2,058	\$9,144
4D Admin Fee	\$6,103	\$2,262	\$8,365
Coleman, Dugan LLC	\$4,843	\$1,407	\$6,250
Total	\$1,373,660	\$622,311	\$1,995,971

Calculation of Gain/(Loss) on July 2013 through June 2014 Non-Medicare Segment Experience

Period	Pre-65 Claim & Admin Costs	Active Contracts	Retiree Contracts	Total Non-Medicare Contracts	Expected Revenue Based on 2013 & 2014 Calculated per Contract Rates*	Gain/(Loss)
July-13	\$2,470,566	1,148	432	1,580	\$2,470,456	(\$109)
August-13	\$2,279,887	1,152	432	1,584	\$2,476,711	\$196,823
September-13	\$2,009,787	1,149	431	1,580	\$2,470,456	\$460,669
October-13	\$2,807,651	1,151	425	1,576	\$2,464,202	(\$343,449)
November-13	\$2,050,920	1,142	421	1,563	\$2,443,876	\$392,956
December-13	\$2,446,468	1,155	416	1,571	\$2,456,384	\$9,916
January-14	\$2,033,954	1,156	417	1,573	\$2,678,709	\$644,755
February-14	\$2,769,066	1,154	415	1,569	\$2,671,897	(\$97,169)
March-14	\$3,357,415	1,154	411	1,565	\$2,665,085	(\$692,330)
April-14	\$2,445,679	1,122	432	1,554	\$2,646,353	\$200,674
May-14	\$2,814,855	1,121	432	1,553	\$2,644,650	(\$170,205)
June-14	\$1,995,971	1,131	427	1,558	\$2,653,165	\$657,194
Total	\$29,482,220	1,145	424	1,569	\$30,741,945	\$1,259,725

Amount of July '13 through June '14 experience gain/(loss) recognized in 2015 rates \$419,908

Amount of July '12 through June '13 experience gain/(loss) recognized in 2015 rates \$499,137

Amount of Oct '11 through June '12 experience gain/(loss) recognized in 2015 rates \$865,307

Total Amount experience gain/(loss) recognized in 2015 rates \$1,784,352

* - Apply rates from page 24 for 2014 and from page 25 for 2013 to derive Expected Revenue

Calculation of Gain/(Loss) on July 2013 through June 2014 Post-65 Retiree Experience

Period	Post-65 Claim & Admin Costs	Post-65 Contracts	Expected Revenue Based on 2013 & 2014 Calculated per Contract Rates*	Gain/(Loss)
July-13	\$105,984	134	\$106,592	\$608
August-13	\$110,502	131	\$104,238	(\$6,264)
September-13	\$81,046	129	\$102,993	\$21,946
October-13	\$87,647	129	\$104,895	\$17,248
November-13	\$404,782	129	\$104,895	(\$299,887)
December-13	\$94,669	127	\$103,508	\$8,840
January-14	\$92,721	123	\$111,499	\$18,778
February-14	\$68,530	121	\$109,257	\$40,727
March-14	\$104,434	118	\$106,456	\$2,022
April-14	\$76,828	113	\$101,193	\$24,365
May-14	\$88,240	113	\$101,193	\$12,953
June-14	\$131,239	112	\$99,478	(\$31,761)
Total	\$1,446,622	123	\$1,256,196	(\$190,425)

Portion of Gain / (Loss) recognized in 2015 Implemented Rates

Amount of July '13 through June '14 experience gain/(loss) (Use 1/3rd of total)	<input type="text" value="(\$63,475)"/>
Amount of July '12 through June '13 experience gain/(loss) (Use 1/3rd of total)	<input type="text" value="(\$29,869)"/>
Amount of July '11 through June '12 experience gain/(loss) (Use 1/3rd of total)	<input type="text" value="\$21,620"/>
Total Amount experience gain/(loss) recognized in 2015 rates	<input type="text" value="(\$71,724)"/>

*- Apply rates from page 24 for 2014 and from page 25 for 2013 to derive Expected Revenue

Explanation of Rates Developed in Following Section

Page 18: "2015 Calculated Premium Rates" Schedule. This schedule develops the actuarially sound 2015 rates without incorporating any smoothing.

Page 19: "2015 Implemented Premium Rates"

This schedule incorporates the impact of past experience gains or losses separately for the active & pre 65 retiree segment and the Post-65 retiree segment. For the active / pre 65 retiree segment, the three recent experience periods showed gains.

For the Post-65 retiree segment, there were a gain and two losses. Gains/(losses) are divided by three and used to adjust the rates in the subsequent three years.

Development of gains and losses for the most recent periods are on pages 13 and 14.

Gains/losses are determined by comparing the actual experience to the calculated rates (which are the best estimate of future costs). Gains/losses due to changes in the number of contracts are not recognized in the experience gain/loss calculations.

Combined Active and Pre 65 Retiree Segment

The table below illustrates the development of the rates for the active / pre 65 retiree segments, showing actual rates for 2014 and 2015 and projected rates for the following five years. The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses in future years.

	2014	2015	2016	2017	2018	2019	2020
Calculated Rate for Medical/Rx/Vision	\$ 1,622.20	\$ 1,663.70	\$ 1,792.64	\$ 1,931.57	\$ 2,081.27	\$ 2,242.57	\$ 2,416.37
Calculated Rate for Dental	\$ 80.73	\$ 80.82	\$ 84.86	\$ 89.10	\$ 93.56	\$ 98.24	\$ 103.15
Total Blended PEPM	\$ 1,702.93	\$ 1,744.52	\$ 1,877.50	\$ 2,020.67	\$ 2,174.83	\$ 2,340.81	\$ 2,519.52
Annual Increase	2.44%	7.62%	7.63%	7.63%	7.63%	7.63%	7.63%
ERRP Dollars	\$ (492,221)	1,594	1,543	1,543	1,543	1,543	1,543
Contracts *	\$ (25.73)	-	\$ -	-	-	-	-
PEPM change due to ERRP							
Blended PEPM after ERRP Adjustment	\$ 1,677.20	\$ 1,744.52	\$ 1,877.50	\$ 2,020.67	\$ 2,174.83	\$ 2,340.81	\$ 2,519.52
Annual Increase	4.01%	7.62%	7.63%	7.63%	7.63%	7.63%	7.63%
Smoothing Dollars							
Smoothing Jan 1 2011 - Sept 30 2011	\$ (767,772)						
Smoothing Oct 1 2011 - June 30 2012	\$ (865,307)	\$ (865,307)					
Smoothing July 1 2012 - June 30 2013	\$ (499,137)	\$ (499,137)	\$ (499,137)				
Smoothing July 1 2013 - June 30 2014	\$ (419,908)	\$ (419,908)	\$ (419,908)	\$ (419,908)			
Smoothing July 1 2014 - June 30 2015	\$ -	\$ -	\$ -	\$ -	\$ -		
Smoothing July 1 2015 - June 30 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Smoothing July 1 2016 - June 30 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Smoothing July 1 2017 - June 30 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Smoothing July 1 2018 - June 30 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Contracts*	\$ (2,132,216)	\$ (1,784,352)	\$ (919,045)	\$ (419,908)	\$ -	\$ -	\$ -
PEPM change due to smoothing	\$ 1,594	1,543	1,543	1,543	1,543	1,543	1,543
Blended PEPM after Smoothing	\$ 1,565.72	\$ 1,648.15	\$ 1,827.86	\$ 1,997.99	\$ 2,174.83	\$ 2,340.81	\$ 2,519.52
Annual Increase	5.26%	10.90%	9.31%	8.85%	7.63%	7.63%	7.63%

* It is assumed that the pre-65 retiree population is stable with the current mix of contracts going forward

Post 65 Retiree Segment

The table below illustrates the development of the rates for the post 65 retiree segment, showing actual rates for 2014 and 2015 and projected rates for the following five years. The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses in future years.

	2014	2015	2016	2017	2018	2019	2020
Calculated Rate for Medical/Rx/Vision	\$ 861.58	\$ 906.29	\$ 976.53	\$ 1,052.21	\$ 1,133.76	\$ 1,221.63	\$ 1,316.31
Calculated Rate for Dental	\$ 28.49	\$ 36.30	\$ 38.12	\$ 40.03	\$ 42.03	\$ 44.13	\$ 46.34
Total Blended PEPM	\$ 890.07	\$ 942.59	\$ 1,014.65	\$ 1,092.24	\$ 1,175.79	\$ 1,265.76	\$ 1,362.65
Annual Increase	5.90%	7.64%	7.65%	7.65%	7.65%	7.65%	7.65%
Smoothing Dollars							
Smoothing Jan 1 2011 - Sept 30 2011	\$ (15,614)						
Smoothing Oct 1 2011 - June 30 2012	\$ (43,240)	\$ (21,620)					
Smoothing July 1 2012 - June 30 2013	\$ 29,869	\$ 29,869	\$ 29,869				
Smoothing July 1 2013 - June 30 2014	\$ 63,475	\$ 63,475	\$ 63,475	\$ 63,475			
Smoothing July 1 2014 - June 30 2015	\$ -	\$ -	\$ -	\$ -			
Smoothing July 1 2015 - June 30 2016	\$ -	\$ -	\$ -	\$ -			
Smoothing July 1 2016 - June 30 2017	\$ -	\$ -	\$ -	\$ -			
Smoothing July 1 2017 - June 30 2018	\$ -	\$ -	\$ -	\$ -			
Smoothing July 1 2018 - June 30 2019	\$ -	\$ -	\$ -	\$ -			
Total Contracts*	\$ (28,985)	\$ 71,724	\$ 93,344	\$ 63,475	\$ -	\$ -	\$ -
PEPM change due to smoothing	\$ 135	111	111	111	111	111	111
Blended PEPM after Smoothing	\$ 872.17	\$ 960.44	\$ 1,084.73	\$ 1,139.89	\$ 1,175.79	\$ 1,265.76	\$ 1,362.65
Annual Increase	14.25%	8.86%	5.09%	3.15%	3.15%	3.15%	3.15%

* It is assumed that the post-65 retiree population is stable with the current mix of contracts going forward

2015 Calculated Premium Rates

Without Reflection of ERRP Revenue or Gain/Loss Smoothing						
	Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue	
Active						
EE Only	173	\$ 693.51	\$ 656.22	\$ 37.29	\$ 1,439,727	
2 Person Family	203	\$ 1,491.05	\$ 1,410.88	\$ 80.17	\$ 3,632,198	
Composite	743	\$ 1,803.12	\$ 1,706.17	\$ 96.95	\$ 16,076,618	
Retired <65						
EE Only	100	\$ 1,209.36	\$ 1,170.40	\$ 38.96	\$ 1,451,232	
2 Person Family	188	\$ 2,358.24	\$ 2,282.27	\$ 75.97	\$ 5,320,189	
Composite	136	\$ 2,684.78	\$ 2,598.29	\$ 86.49	\$ 4,381,561	
Blended						
EE Only	273	\$ 882.47	\$ 844.56	\$ 37.90	\$ 2,890,959	
2 Person Family	391	\$ 1,908.01	\$ 1,829.86	\$ 78.15	\$ 8,952,387	
Composite	879	\$ 1,939.53	\$ 1,844.20	\$ 95.33	\$ 20,458,179	
Retired >65 \$2 Rx Copay						
EE Only	13	\$ 936.21	\$ 936.21	\$ 80.82	\$ 32,301,525	
w Dep>65	0	\$ 1,871.48	\$ 1,871.48	\$ -	\$ 146,049	
w Dep<65	0	\$ 2,105.54	\$ 2,105.54	\$ -	\$ -	
Composite	13	\$ 936.21	\$ 936.21	\$ 80.82	\$ 32,301,525	
Retired >65 \$4 Rx Copay						
EE Only	0	\$ 911.45	\$ 911.45	\$ -	\$ -	
w Dep>65	0	\$ 1,821.98	\$ 1,821.98	\$ -	\$ -	
w Dep<65	0	\$ 2,049.85	\$ 2,049.85	\$ -	\$ -	
Composite	0	\$ -	\$ -	\$ -	\$ 146,049	
Retired >65 \$10/\$20 Rx Copay EE Only						
EE Only	10	\$ 900.61	\$ 866.89	\$ 33.72	\$ 108,073	
w Dep>65	2	\$ 1,800.32	\$ 1,732.91	\$ 67.41	\$ 43,208	
w Dep<65	0	\$ 2,025.47	\$ 1,949.63	\$ 75.84	\$ -	
Composite	12	\$ 1,050.56	\$ 1,011.23	\$ 39.34	\$ 151,281	
Retired >65 \$4/\$8 Rx Copay						
EE Only	67	\$ 757.01	\$ 723.29	\$ 33.72	\$ 608,636	
w Dep>65	17	\$ 1,513.26	\$ 1,445.85	\$ 67.41	\$ 308,705	
w Dep<65	2	\$ 1,702.52	\$ 1,626.68	\$ 75.84	\$ 40,860	
Composite	86	\$ 928.49	\$ 887.13	\$ 41.36	\$ 958,201	
Composite >65						
EE Only	90	\$ 798.85	\$ 770.00	\$ 28.85	\$ 862,758	
w Dep>65	19	\$ 1,543.48	\$ 1,476.07	\$ 67.41	\$ 351,913	
w Dep<65	2	\$ 1,702.52	\$ 1,626.68	\$ 75.84	\$ 40,860	
Composite	111	\$ 942.59	\$ 906.29	\$ 36.30	\$ 1,255,531	

2015 Implemented Premium Rates

Reflecting Gain/Loss Smoothing									
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue			
Active	EE Only	173	\$ 655.20	\$ 619.97	\$ 35.23	\$ 1,360,196			
	2 Person Family	203	\$ 1,408.68	\$ 1,332.94	\$ 75.74	\$ 3,431,533			
	Composite	743	\$ 1,703.51	\$ 1,611.92	\$ 91.59	\$ 15,188,538			
Retired <65	EE Only	100	\$ 1,142.55	\$ 1,105.75	\$ 36.80	\$ 1,371,065			
	2 Person Family	188	\$ 2,227.97	\$ 2,156.20	\$ 71.77	\$ 5,026,300			
	Composite	136	\$ 2,536.47	\$ 2,454.76	\$ 81.71	\$ 4,139,521			
Blended	EE Only	273	\$ 833.72	\$ 797.91	\$ 35.81	\$ 2,731,261			
	2 Person Family	391	\$ 1,802.61	\$ 1,728.78	\$ 73.83	\$ 8,457,853			
	Composite	879	\$ 1,832.39	\$ 1,742.33	\$ 90.06	\$ 19,328,059			
Retired >65	EE Only	13	\$ 989.69	\$ 989.69	\$ -	\$ 154,392			
	w Dep>65	0	\$ 1,978.39	\$ 1,978.39	\$ -	\$ -			
	w Dep<65	0	\$ 2,225.82	\$ 2,225.82	\$ -	\$ -			
	Composite	13	\$ 989.69	\$ 989.69	\$ -	\$ 154,392			
Retired >65 \$2 Rx Copay	EE Only	0	\$ 963.52	\$ 963.52	\$ -	\$ -			
	w Dep>65	0	\$ 1,926.06	\$ 1,926.06	\$ -	\$ -			
	w Dep<65	0	\$ 2,166.95	\$ 2,166.95	\$ -	\$ -			
	Composite	0	\$ -	\$ -	\$ -	\$ -			
Retired >65 \$4 Rx Copay	EE Only	10	\$ 952.06	\$ 916.41	\$ 35.65	\$ 114,247			
	w Dep>65	2	\$ 1,903.17	\$ 1,831.91	\$ 71.26	\$ 45,676			
	w Dep<65	0	\$ 2,141.18	\$ 2,061.01	\$ 80.17	\$ -			
	Composite	12	\$ 1,110.57	\$ 1,068.99	\$ 41.58	\$ 159,923			
Retired >65 \$10/\$20 Rx Copay	EE Only	67	\$ 800.26	\$ 764.61	\$ 35.65	\$ 643,409			
	w Dep>65	17	\$ 1,599.71	\$ 1,528.45	\$ 71.26	\$ 326,341			
	w Dep<65	2	\$ 1,799.78	\$ 1,719.61	\$ 80.17	\$ 43,195			
	Composite	86	\$ 981.53	\$ 937.81	\$ 43.72	\$ 1,012,945			
Composite >65	EE Only	90	\$ 844.49	\$ 813.99	\$ 30.50	\$ 912,049			
	w Dep>65	19	\$ 1,631.65	\$ 1,560.39	\$ 71.26	\$ 372,016			
	w Dep<65	2	\$ 1,799.78	\$ 1,719.61	\$ 80.17	\$ 43,195			
	Composite	111	\$ 996.44	\$ 958.07	\$ 38.37	\$ 1,327,260			

2015 Implemented Rates vs. 2014 Implemented Rates (Dollar Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	\$ 24.15	\$ 22.90	\$ 1.25	\$ (48,311)
	2 Person Family	\$ 51.93	\$ 49.25	\$ 2.68	\$ (101,421)
	Composite	\$ 62.78	\$ 59.54	\$ 3.24	\$ 28,160
		\$ 59.87	\$ 56.76	\$ 3.11	\$ (121,572)
Retired <65	EE Only	\$ 73.41	\$ 73.23	\$ 0.18	\$ 139,414
	2 Person Family	\$ 143.14	\$ 142.78	\$ 0.36	\$ 397,982
	Composite	\$ 162.98	\$ 162.56	\$ 0.42	\$ 152,054
		\$ 121.71	\$ 121.76	\$ (0.05)	\$ 689,450
Blended	EE Only	\$ 53.53	\$ 52.60	\$ 0.93	\$ 91,103
	2 Person Family	\$ 110.80	\$ 109.27	\$ 1.53	\$ 296,561
	Composite	\$ 78.93	\$ 76.13	\$ 2.78	\$ 180,214
		\$ 82.42	\$ 80.30	\$ 2.12	\$ 567,878
Retired >65 \$2 Rx Copay	EE Only	\$ 129.11	\$ 129.11	\$ -	\$ (52,149)
	w Dep>65	\$ 258.08	\$ 258.08	\$ -	\$ -
	w Dep<65	\$ 290.37	\$ 290.37	\$ -	\$ -
	Composite	\$ 129.10	\$ 129.10	\$ -	\$ (52,149)
Retired >65 \$4 Rx Copay	EE Only	\$ 126.48	\$ 126.48	\$ -	\$ (10,044)
	w Dep>65	\$ 252.83	\$ 252.83	\$ -	\$ -
	w Dep<65	\$ 284.45	\$ 284.45	\$ -	\$ -
	Composite	\$ (837.04)	\$ (837.04)	\$ -	\$ (10,044)
Retired >65 \$4/\$8 Rx Copay	EE Only	\$ 130.89	\$ 121.74	\$ 9.15	\$ 5,853
	w Dep>65	\$ 261.67	\$ 243.36	\$ 18.30	\$ (13,418)
	w Dep<65	\$ 294.38	\$ 273.80	\$ 20.58	\$ -
	Composite	\$ 113.62	\$ 104.21	\$ 9.41	\$ (7,565)
Retired >65 \$10/\$20 Rx Copay	EE Only	\$ 115.59	\$ 106.44	\$ 9.15	\$ 27,206
	w Dep>65	\$ 231.07	\$ 212.77	\$ 18.30	\$ (67,827)
	w Dep<65	\$ 259.96	\$ 239.38	\$ 20.58	\$ 24,717
	Composite	\$ 124.16	\$ 113.62	\$ 10.54	\$ (15,904)
Composite >65	EE Only	\$ 111.48	\$ 102.28	\$ 9.20	\$ (29,136)
	w Dep>65	\$ 232.69	\$ 214.39	\$ 18.30	\$ (81,247)
	w Dep<65	\$ 259.96	\$ 239.38	\$ 20.58	\$ 24,717
	Composite	\$ 124.27	\$ 113.81	\$ 10.46	\$ (85,666)

2015 Implemented Rates vs. 2014 Implemented Rates (Percentage Increases)

		Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	3.82%	3.84%	3.68%	(3.43%)
	2 Person Family	3.82%	3.84%	3.67%	(2.87%)
	Composite	4.19%	4.20%	4.04%	(0.60%)
Retired <65	EE Only	6.87%	7.09%	0.49%	11.32%
	2 Person Family	6.87%	7.09%	0.50%	8.60%
	Composite	6.24%	6.47%	(0.07%)	7.00%
Blended	EE Only	6.86%	7.06%	2.67%	3.45%
	2 Person Family	6.55%	6.75%	2.12%	3.63%
	Composite	5.26%	5.38%	2.86%	1.90%
Retired >65 \$2 Rx Copay	EE Only	15.00%	15.00%	N/A	(25.25%)
	w Dep>65	15.00%	15.00%	N/A	N/A
	w Dep<65	15.00%	15.00%	N/A	N/A
	Composite	15.00%	15.00%	N/A	(25.25%)
Retired >65 \$4 Rx Copay	EE Only	15.11%	15.11%	N/A	(100.00%)
	w Dep>65	15.11%	15.11%	N/A	N/A
	w Dep<65	15.11%	15.11%	N/A	N/A
	Composite	(100.00%)	(100.00%)	N/A	(100.00%)
Retired >65 \$4/\$8 Rx Copay	EE Only	15.94%	15.32%	34.55%	5.40%
	w Dep>65	15.94%	15.32%	34.55%	(22.71%)
	w Dep<65	15.94%	15.32%	34.55%	N/A
	Composite	11.40%	10.80%	29.25%	(4.52%)
Retired >65 \$10/\$20 Rx Copay	EE Only	16.88%	16.17%	34.53%	4.42%
	w Dep>65	16.88%	16.17%	34.55%	(17.21%)
	w Dep<65	16.88%	16.17%	34.55%	133.76%
	Composite	14.48%	13.79%	31.77%	(1.55%)
Composite >65	EE Only	15.21%	14.37%	43.21%	(3.10%)
	w Dep>65	16.63%	15.93%	34.55%	(17.92%)
	w Dep<65	16.88%	16.17%	34.55%	133.76%
	Composite	14.25%	13.48%	37.48%	(6.06%)

2016 Projected Premium Rates (assumes no change in covered lives from 2014)

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Active	EE Only 2 Person Family	173 203 743	\$ \$ \$	726.50 1,561.98 1,888.91	\$ \$ \$	38.12 81.95 99.11	\$ \$ \$	1,508,214 3,804,983 16,841,522			
	Composite	1,119	\$ \$ \$	1,649.89	\$ \$	1,563.32	\$ \$	86.57	\$ \$	22,154,719	
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Retired <65	EE Only 2 Person Family	100 188 136	\$ \$ \$	1,267.60 2,471.79 2,814.05	\$ \$ \$	1,227.77 2,394.13 2,725.64	\$ \$ \$	39.83 77.66 88.41	\$ \$ \$	\$ \$ \$	1,521,120 3,576,358 4,592,530
	Composite	424	\$ \$ \$	2,297.56	\$ \$	2,225.38	\$ \$	72.19	\$ \$	11,630,008	
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Blended	EE Only 2 Person Family	273 391 879	\$ \$ \$	924.71 1,999.43 2,032.05	\$ \$ \$	885.96 1,919.55 1,934.59	\$ \$ \$	38.74 79.89 97.45	\$ \$ \$	\$ \$ \$	3,029,334 9,281,342 21,434,051
	Composite	1,543	\$ \$ \$	1,827.86	\$ \$	1,745.25	\$ \$	82.61	\$ \$	33,844,727	
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Retired >65 \$2 Rx Copay	EE Only W Dep>65 W Dep>65	13 0 0	\$ \$ \$	1,078.44 2,155.79 2,425.41	\$ \$ \$	1,078.44 2,155.79 2,425.41	\$ \$ \$	- - -	\$ \$ \$	\$ \$ \$	168,237
	Composite	13	\$ \$ \$	1,078.44	\$ \$	1,078.44	\$ \$	-	\$ \$ \$	-	168,237
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Retired >65 \$4 Rx Copay	EE Only W Dep>65 W Dep>65	0 0 0	\$ \$ \$	1,049.92 2,098.77 2,361.26	\$ \$ \$	1,049.92 2,098.77 2,361.26	\$ \$ \$	- - -	\$ \$ \$	\$ \$ \$	-
	Composite	0	\$ \$ \$	-	\$ \$	-	\$ \$	-	\$ \$ \$	-	-
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Retired >65 \$10/\$20 Rx Copay	EE Only W Dep>65 W Dep>65	10 2 0	\$ \$ \$	1,036.44 2,071.84 2,330.95	\$ \$ \$	998.59 1,996.17 2,245.82	\$ \$ \$	37.85 75.67 85.13	\$ \$ \$	\$ \$ \$	124,373 49,724
	Composite	12	\$ \$ \$	1,209.01	\$ \$	1,164.85	\$ \$	44.15	\$ \$	174,097	
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Retired >65 \$10/\$20 Rx Copay	EE Only W Dep>65 W Dep>65	67 17 2	\$ \$ \$	871.02 1,741.17 1,938.93	\$ \$ \$	833.17 1,665.50 1,873.80	\$ \$ \$	37.85 75.67 85.13	\$ \$ \$	\$ \$ \$	700,300 355,199 47,014
	Composite	86	\$ \$ \$	1,068.33	\$ \$	1,021.90	\$ \$	46.43	\$ \$	1,102,513	
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue					
Composite >65	EE Only W Dep>65 W Dep>65	90 19 2	\$ \$ \$	919.36 1,775.98 1,928.93	\$ \$ \$	886.98 1,700.31 1,873.80	\$ \$ \$	32.38 75.67 85.13	\$ \$ \$	\$ \$ \$	992,909 404,923 47,014
	Composite	111	\$ \$ \$	1,084.72	\$ \$	1,043.98	\$ \$	40.74	\$ \$	1,444,846	

The rates are projected assuming all trend assumptions are realized, there are no plan changes or changes in population; in reality, there will be gains and losses so the actual 2016 rates developed next year will differ from the rates above.

2014 Implemented Premium Rates

Reflecting Gain/Loss Smoothing and Impact of ERRP Revenue

		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue
Active	EE Only	186	\$ 631.05	\$ 597.07	\$ 33.98	\$ 1,408,507
	2 Person Family	217	\$ 1,356.75	\$ 1,283.69	\$ 73.06	\$ 3,532,974
		770	\$ 1,640.73	\$ 1,552.38	\$ 88.35	\$ 15,160,378
	Composite	1,173	\$ 1,428.09	\$ 1,351.19	\$ 76.90	\$ 20,101,859
Retired <65	EE Only	96	\$ 1,069.14	\$ 1,022.52	\$ 36.62	\$ 1,231,651
	2 Person Family	185	\$ 2,084.83	\$ 2,013.42	\$ 71.41	\$ 4,628,318
		140	\$ 2,373.49	\$ 2,292.20	\$ 81.29	\$ 3,987,467
	Composite	421	\$ 1,949.22	\$ 1,882.45	\$ 66.77	\$ 9,947,436
Blended	EE Only	282	\$ 780.19	\$ 745.31	\$ 34.88	\$ 2,640,158
	2 Person Family	402	\$ 1,691.81	\$ 1,619.51	\$ 72.30	\$ 8,161,292
		910	\$ 1,753.47	\$ 1,666.19	\$ 87.28	\$ 19,147,845
	Composite	1,594	\$ 1,565.73	\$ 1,491.50	\$ 74.23	\$ 29,949,295
Retired >65 \$2 Rx Copay	EE Only	20	\$ 860.59	\$ 860.59	\$ -	\$ 206,541
	w Dep>65	0	\$ 1,720.31	\$ 1,720.31	\$ -	\$ -
	w Dep<65	0	\$ 1,935.46	\$ 1,935.46	\$ -	\$ -
	Composite	20	\$ 860.59	\$ 860.59	\$ -	\$ 206,541
Retired >65 \$4 Rx Copay	EE Only	1	\$ 837.04	\$ 837.04	\$ -	\$ 10,044
	w Dep>65	0	\$ 1,673.24	\$ 1,673.24	\$ -	\$ -
	w Dep<65	0	\$ 1,882.50	\$ 1,882.50	\$ -	\$ -
	Composite	1	\$ 837.04	\$ 837.04	\$ -	\$ 10,044
Retired >65 \$4/\$8 Rx Copay EE Only	EE Only	11	\$ 821.17	\$ 794.67	\$ 26.50	\$ 108,394
	w Dep>65	3	\$ 1,641.50	\$ 1,588.54	\$ 52.96	\$ 394,168
	w Dep<65	0	\$ 1,846.80	\$ 1,787.21	\$ 59.59	\$ 59,094
	Composite	14	\$ 996.95	\$ 964.78	\$ 32.17	\$ 167,488
Retired >65 \$10/\$20 Rx Copay	EE Only	75	\$ 684.67	\$ 658.17	\$ 26.50	\$ 616,203
	w Dep>65	24	\$ 1,368.64	\$ 1,315.68	\$ 52.96	\$ 394,168
	w Dep<65	0	\$ 1,539.82	\$ 1,480.23	\$ 59.59	\$ 18,478
	Composite	100	\$ 857.37	\$ 824.19	\$ 33.18	\$ 1,028,849
Composite >65	EE Only	107	\$ 733.01	\$ 711.71	\$ 21.30	\$ 941,185
	w Dep>65	27	\$ 1,398.96	\$ 1,346.00	\$ 52.96	\$ 453,263
	w Dep<65	1	\$ 1,539.82	\$ 1,480.23	\$ 59.59	\$ 18,478
	Composite	135	\$ 872.17	\$ 844.26	\$ 27.91	\$ 1,412,926

2014 Calculated Premium Rates

Without Reflection of ERRP Revenue or Gain/Loss Smoothing							
	Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue		
Active	EE Only 2 Person Family	186 217 770	\$ 686.35 \$ 1,475.64 \$ 1,784.51	\$ 649.39 \$ 1,396.18 \$ 1,688.41	\$ 36.96 \$ 79.46 \$ 96.10	\$ 1,531,933 3,842,567 16,488,872	
	Composite	1,173	\$ 1,553.24	\$ 1,469.59	\$ 83.64	\$ 21,863,372	
Retired <65	EE Only 2 Person Family	96 185 140	\$ 1,162.83 \$ 2,267.52 \$ 2,381.48	\$ 1,123.00 \$ 2,189.85 \$ 2,493.06	\$ 39.83 \$ 77.67 \$ 88.42	\$ 1,339,580 5,033,894 4,336,886	
	Composite	421	\$ 2,120.02	\$ 2,047.41	\$ 72.62	\$ 10,710,360	
Blended	EE Only 2 Person Family	282 402 910	\$ 848.56 \$ 1,840.06 \$ 1,907.12	\$ 810.62 \$ 1,761.43 \$ 1,812.20	\$ 37.94 \$ 78.64 \$ 94.92	\$ 2,871,513 8,876,461 20,825,759	
	Composite	1,594	\$ 1,702.93	\$ 1,622.20	\$ 80.73	\$ 32,573,333	
Retired >65 \$2 Rx Copay	EE Only w Dep>65 w Dep<65	20 0 0	\$ 878.24 \$ 1,755.60 \$ 1,975.16	\$ 878.24 \$ 1,755.60 \$ 1,975.16	\$ 37.94 \$ 78.64 \$ 94.92	\$ 2,871,513 8,876,461 20,825,759	
	Composite	20	\$ 878.24	\$ 878.24	\$ 37.94	\$ 2,871,513	
Retired >65 \$4 Rx Copay	EE Only w Dep>65 w Dep<65	1 0 0	\$ 854.21 \$ 1,707.56 \$ 1,921.12	\$ 854.21 \$ 1,707.56 \$ 1,921.12	\$ 37.94 \$ 78.64 \$ 94.92	\$ 2,871,513 8,876,461 20,825,759	
	Composite	1	\$ 854.21	\$ 854.21	\$ 37.94	\$ 2,871,513	
Retired >65 \$4/\$8 Rx Copay	EE Only w Dep>65 w Dep<65	11 3 0	\$ 838.01 \$ 1,675.18 \$ 1,884.68	\$ 810.97 \$ 1,621.13 \$ 1,823.87	\$ 37.94 \$ 78.64 \$ 94.92	\$ 2,871,513 8,876,461 20,825,759	
	Composite	14	\$ 1,017.40	\$ 984.58	\$ 32.83	\$ 170,923	
Retired >65 \$10/\$20 Rx Copay EE Only	EE Only w Dep>65 w Dep<65	75 24 1	\$ 698.71 \$ 1,396.72 \$ 1,571.40	\$ 671.67 \$ 1,342.67 \$ 1,510.59	\$ 37.94 \$ 78.64 \$ 94.92	\$ 110,617 60,306 18,857	
	Composite	100	\$ 874.96	\$ 841.10	\$ 33.86	\$ 1,049,951	
Composite >65	EE Only w Dep>65 w Dep<65	107 27 1	\$ 748.04 \$ 1,427.66 \$ 1,571.40	\$ 726.31 \$ 1,373.61 \$ 1,510.59	\$ 37.94 \$ 78.64 \$ 94.92	\$ 960,484 462,562 18,857	
	Composite	135	\$ 890.06	\$ 861.58	\$ 28.49	\$ 1,441,903	

2013 Calculated Premium Rates

Without Reflection of ERRP Revenue or Gain/Loss Smoothing								
		Enrollment	Total	Med/Rx/Vis	Dental	Total Revenue		
Active	EE Only	201	\$ 636.62	\$ 599.41	\$ 37.21	\$ 1,535,527		
	2 Person Family	281	\$ 1,368.73	\$ 1,288.73	\$ 80.00	\$ 4,615,358		
	Composite	765	\$ 1,655.22	\$ 1,558.47	\$ 96.75	\$ 15,194,920		
							21,345.805	
Retired <65	EE Only	107	\$ 1,086.88	\$ 1,045.74	\$ 41.14	\$ 1,395,554		
	2 Person Family	216	\$ 2,119.41	\$ 2,039.19	\$ 80.22	\$ 5,495,511		
	Composite	1247	\$ 1,426.48	\$ 1,343.10	\$ 83.38	\$ 21,345.805		
Blended	EE Only	308	\$ 793.04	\$ 754.47	\$ 38.58	\$ 2,931,081		
	2 Person Family	497	\$ 1,694.98	\$ 1,614.89	\$ 80.10	\$ 10,108,868		
	Composite	885	\$ 1,757.95	\$ 1,661.94	\$ 96.02	\$ 18,669,152		
							31,709.401	
Retired >65 \$2 Rx Copay	EE Only	21	\$ 806.89	\$ 806.89				
	w Dep>65	2	\$ 1,612.97	\$ 1,612.97				
	w Dep<65	0	\$ 1,814.69	\$ 1,814.69				
	Composite	1690	\$ 1,563.58	\$ 1,482.71	\$ 80.87	\$ 31,709.401		
Retired >65 \$2 Rx Copay	EE Only	2	\$ 783.38	\$ 783.38				
	w Dep>65	1	\$ 1,565.97	\$ 1,565.97				
	w Dep<65	0	\$ 1,761.82	\$ 1,761.82				
	Composite	3	\$ 1,044.24	\$ 1,044.24	\$ 0	37.593		
Retired >65 \$4 Rx Copay	EE Only	15	\$ 763.95	\$ 739.99	\$ 23.96	\$ 137,511		
	w Dep>65	4	\$ 1,527.14	\$ 1,479.24	\$ 47.90	\$ 18,792		
	w Dep<65	0	\$ 1,718.12	\$ 1,664.23	\$ 53.89	\$ 0		
	Composite	19	\$ 924.62	\$ 895.62	\$ 29.00	\$ 210,814		
Retired >65 \$10/\$20 Rx Copay EE Only	EE Only	92	\$ 622.78	\$ 598.82	\$ 23.96	\$ 687,549		
	w Dep>65	20	\$ 1,244.94	\$ 1,197.04	\$ 47.90	\$ 298,786		
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89	\$ 50,423		
	Composite	115	\$ 751.27	\$ 722.37	\$ 28.90	\$ 1,036,758		
Composite >65	EE Only	130	\$ 671.28	\$ 651.56	\$ 19.72	\$ 1,047,198		
	w Dep>65	27	\$ 1,325.90	\$ 1,283.32	\$ 42.58	\$ 429,591		
	w Dep<65	3	\$ 1,400.63	\$ 1,346.74	\$ 53.89	\$ 50,423		
	Composite	160	\$ 795.42	\$ 771.20	\$ 24.22	\$ 1,527,212		

Explanatory Notes -- Data, Methods and Assumptions

- Paid claims were used for the analysis. Consistent with prior rate developments, incurred claims are derived using paid claims and actuarial assumptions.
 - Claim amounts used are net of amounts paid by the member directly to the health care provider such as copays, coinsurance, etc.
 - Amounts paid by the member directly to the City have not been removed from claims.
 - Pre-65 claims include claims for Medicare spouses of Non-Medicare members
 - Analysis was done on a per member per month basis.
 - Incurred factors estimated assuming a two-month payment lag for medical and a one-month lag for Rx, dental and vision.
 - A weighted average of the two experience periods was used in the analysis to smooth out yearly claim fluctuations.
 - Trend assumptions were chosen primarily based on national trends cited in the National Health Trend surveys.
 - Rating tiers were not revisited when developing the 2015 rates.
 - The current plan distribution (members in each tier) was used to allocate costs to each tier.
 - Medicare members are charged 100% of the true costs which is causing migration to less expensive Medicare plans.
 - Blended pre-65 rates are a weighted average of the active and pre-65 retiree rates.
 - Rates exclude GRS fees.
- Projections will differ from the OPEB valuation cash flows due to the following:
 - Projections ignore new retirees and deaths and
 - Projections ignore members turning age 65 during the year
 - Projections in this report and the OPEB valuation report are not adjusted for election changes that occur after the valuation date.
 - Active and Pre 65 Contracts and Lives counts for the period 7/1/2012 through 6/30/2013 used the adjustment incorporated last year.
 - This adjustment is not needed in the most recent experience period.